



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

INDUSTRIAL RELATIONS IN GOVERNMENTAL EMPLOYMENT

ALBERT SHAW

Editor, Review of Reviews

NOW that this annual meeting of the Academy of Political Science has progressed through three instructive sessions and is entering upon the second half of its series of six admirably planned programs, it is within bounds to characterize the whole occasion as eminently promotive of useful results. The season is one that wise men everywhere are devoting to efforts for harmony and cooperation. The newspapers this month are giving much attention to the arrival of eminent European leaders—statesmen, diplomats, soldiers, financiers, journalists and publicists—who are passing through New York on their way to Washington to have their part in what already promises to be the most practical and successful international assemblage of an official kind that has ever been held.

One week from today—one week in fact from this precise morning hour—the delegates from a number of nations will be in session to listen to the President of the United States and the Secretary of State as they open the Conference which is designed to secure agreements for limiting wasteful and dangerous competition in armaments, and to find new and hopeful paths leading towards reconstruction of the world's industrial prosperity. While the interdependence of all civilized nations is the recognized fact upon which the Conference at Washington will base its program of agreement and cooperation, it is more clearly perceived at this time than ever before that human welfare in the more local sense is also dependent upon harmony and cooperation among the various factors of the economic organism.

With all the bitter experiences of the past seven years, resulting in what remains today a demoralized and shattered structure of world relationships, there never existed at any time in the past so profound a consciousness of essential unity

among the nations and peoples of mankind as we find today. The spirit of democracy has pervaded all the continents. The voice of brotherhood is lifted in appeals for peace and helpful intercourse. Undoubtedly a new and better world is to be built upon the ruins of the old order. It belongs to America to play a leading part in helping the world gradually to give concrete form and substance to the visions that were proclaimed in 1918.

But, while the very difficult practical work of international adjustment is going forward—a work in which we may all participate, because public opinion alone can sustain the slowly rising edifice of understanding and association—there are other things nearer home that cannot be neglected with impunity, and that ought not to be deferred as if of necessity they must follow rather than precede the large external adjustments of foreign relationship. The ancient injunction that *every man should build over against his own house* is applicable to present conditions.

It is true that the Bolshevik menace is essentially related, so far as Europe is concerned, to international conditions for which the chief remedies lie in the sphere of politics and diplomacy. But it is true at the same time that this danger of the subversion of society and the destruction of civilization through violent upheaval, even in European countries, is much increased or is greatly diminished in accordance with local conditions. In one state or region, we find agricultural and industrial life so well organized, with the relations between capital and labor so favorably adjusted, that the false doctrines and hideous methods of Bolshevism cannot make serious inroads. In other countries or regions, we find local conditions such that, with the inevitable derangement due to loss of external markets and lack of materials from abroad, the local economic structure collapses because it has never been soundly built. Under such conditions, Bolshevism makes its entry only too easily, and its scourge is visited upon labor quite as severely as upon capital.

In the United States, we had founded our industrial and social as well as our political life, upon the individualism of a pioneering country with great spaces of fertile land, with no social classes, and with a high mobility of labor. Capital was

accumulated rapidly through the development of natural resources. Capitalistic management was evolved out of the practical experience of workers, which resulted in bringing men of ability and force to the front as leaders. Such men, relying upon the gospel of America's opportunity, and preaching the doctrine of "getting on in the world" through one's own efforts, were naturally opposed to unionism in labor, and saw little merit in cooperative enterprises of any kind. They believed in the iron law of wages, in the law of supply and demand, and in the efficacy and wholesomeness of the competitive process.

Many of them failed to see how rapidly the conditions in large parts of the United States were becoming assimilated to conditions in older countries. To enforce their ideas of competition, they scoured Europe for hundreds of thousands of unskilled workers to enter the coal mines of the East and the copper mines of the West; to build railroads; to form colonies in the industrial centers, whether of textiles, or steel-working, or garment-making. They were invoking the doctrine of competition as against the decent standards of American life.

Unionism, on the side of the workers, was the inevitable consequence, and a wholly righteous one. Collective bargaining brought the clothing trades out of the sweatshops, into wholesome conditions of production. Unionism and representative agreements brought comparative order into the bituminous coal regions of the Middle West, and later into the anthracite districts of the East.

The supreme opportunity for organized labor came with the entrance of the United States into the Great War. The industrial activities of our own and of foreign governments for war purposes made a demand upon American labor which left private employers with a shortage which could not be met by way of the Ellis Island immigration station, because, whereas hundreds of thousands of foreign-born workers were returning from America to Europe, there were none coming to our shores. Unionism seized its moment of fate, the like of which had never been known in the history of the world, and swiftly enrolled millions of new members.

Through political influence skillfully used, with the power of the vote in its hand, organized labor became the dominating

influence in the Government at Washington. Wages as controlled by Government—whether in munitions works, ship-building yards, or elsewhere—were marked up arbitrarily at very high points, long before the increase in the cost of living justified any such proceeding. Private employers were obliged to meet the Government's wage scales, or abandon their enterprises. High prices followed, and the cost of living soon caught up with the advance in wages, with monetary inflation following inevitably because of the arbitrarily increased volume of transactions as measured in money terms.

The process of deflation has been painful, and it is still at work. The farmers, lacking organization for controlling their markets, suffered first and most severely in the fall of prices. Capital employed in transportation was almost annihilated, because of excessive labor costs compared with operating income. Labor, which had become so powerfully unionized, naturally resisted the necessary readjustments of wages.

Accompanying this process of deflation and of readjustment, there was bound to be a loss of purchasing power on the part of the general public, and shrinkage therefore in volume of production. A very considerable percentage of unemployment resulted, somewhat regardless of the question whether or not wages in a particular industry had come down with commodity prices.

There had been a time when capital was exceedingly arrogant in this country, not because capitalists were a different kind of men from wage workers, but for the very opposite reason that they were almost exactly the same kind of men. The captains of industry had come up through the rough-and-tumble of American pioneer life, and were wholly accustomed to the idea of free contract, of self-help, and of equality of opportunity. They knew that if they were again tossed out into the hurly-burly of American life without a penny, they could make their way with brawn and wit, asking odds of nobody.

It was almost impossible to get these older capitalists to see the justice of the new order of things in great organized industries, with our pioneer conditions almost wholly a thing of the past except in certain parts of the West and South. They opposed unions and collective bargaining; they opposed

the principle of workmen's compensation; they opposed benefit and insurance schemes—not because they were hard-hearted and desired to keep the laboring classes down, but because they were essentially individualistic democrats, who did not recognize laboring classes, or any other classes, as existing in America.

With the ending of the war and the beginning of what was deemed a new period of economic life, it was the turn of labor to become arrogant through the power of collective action, and through a leadership that was bold and determined to the point of fanaticism. The capitalists had in the main abandoned their old positions. They were ready to admit the usefulness of organization among the workers. There emerged, with greater influence than ever before, a new element: namely, that of thoughtful people representing the general public, perceiving the necessity of productive capital wisely directed by able managers, admitting the justice of association among workers, believing in high standards of living for the families of all American citizens, and aiming to secure a new sense of mutual respect and confidence between the representatives of capital on the one hand and the representatives of the wage-earners on the other.

It is now acknowledged that there was a great deal of value in the old spirit of energy and self-reliance that was engendered by the purely American processes which brought the farm boy or the mechanic's apprentice to the position of a master of transportation or a captain of industry. It is now perceived that through technical education, and various methods of teaching and training inside of industrial enterprises, it may still be possible to promote the capable worker, and make him feel that it is wholly worth while to put his whole energy into the success of the business that pays him his wages. It is also more clearly seen that labor organizations were fighting some necessary battles in their endeavor to maintain good standards of living, fair play in the fixing of wage scales, and especially in their resistance to arbitrary practices which might cost a working man his job—security of employment being, in our industrial communities, a more vital consideration nowadays than almost anything else.

A different spirit is evident on the side of large employers

as they face their present problems and look into the future. Many of them have obtained an entirely new zest for the carrying on of their enterprises, because they have seen a certain kind of vision. They have stepped up to higher ground, and have obtained glimpses of a broader horizon, the existence of which they had not previously conceived.

To put it briefly, there are many American employers who have broadened the definition of the word "success." At one time success in business was too commonly restricted to the notion of accumulating a private fortune. The newer conception thinks of an industry as an organic part of the life of the nation, and as related to everything in the complex political and social structure that pertains to a progressive democratic body. There can hardly, nowadays, be an organized business of standing and dignity in the community which exhibits the owners and managers as wealthy and luxurious, while also exhibiting the wage earners as overdriven, poverty-stricken, lacking the refinements and even the decencies of home and family life. Success in business today means an organization capable of producing so efficiently, and marketing so skillfully, that the net result is ample for rewarding capital, while also providing for every regular worker engaged in the business the minimum requirements of a secure and comfortable existence.

It is not my intention in these brief remarks to elaborate these ideas. The initiative in securing a higher industrial efficiency belongs, upon the whole, at this time to the employers. There is abundant evidence that American workers are, almost without exception, capable of showing sincerity and good faith in cooperating with management. We were greatly impressed in our session last evening by the admirable presentations of our British guest, Mr. Rowntree, who analyzed for us the things essential and just in the demands of labor in large industries. Good wages, good working conditions, security in the holding of the job, and some opportunity to feel one is a co-worker in the enterprise, were the points most emphasized by this successful employer and wise social leader. The thing, however, that pervaded Mr. Rowntree's address, and that was avowed by him in his concluding sentences, is more vital than any mere devices or arrangements having to do with shop organization. This vital thing is the human touch, the

real desire for the well-being of all who are fellow-workers in any business undertaking.

In the course of our sessions we shall have had the advantage of learning the experience of various American industries and business enterprises in trying to bring about a harmonious relationship, and to secure the substantial benefits that come from hearty zeal in working together. This morning we are to give our attention more particularly to the Government itself in its capacity as employer. Our first speaker is a prominent official of a great insurance company (Dr. Frankel), who has for some time past been in Washington at the invitation of the Hon. Will H. Hays, Postmaster General, in order to study the postal service from the standpoint of the modern employer. There are more than 300,000 postal employees; and in carrying on this enterprise our Government is acting as employer and manager for the largest single business undertaking in the world. It has been Dr. Frankel's business to conduct an inquiry into the conditions under which the great army of men and women employed in this postal service are carrying on their work.

Uncle Sam as an employer has not in all respects realized the nature of his responsibilities, for the health and success of those who enlist officially in his service. Through the professional and civilian organizations of such great services as the Army and Navy, Uncle Sam also gives employment to great numbers, mostly young men. Slowly the notion has been making its way that young men in the Army and Navy are not merely serving as soldiers and sailors, but are also the wards of the Government in a period of tutelage, and that they are in due time to pass out into the spheres of citizenship and civilian employment. It is the business of the Government to use this opportunity to give every young man as good a training as possible in order that he may be a valuable citizen and a capable worker.

Our states and cities have their armies of civilian employees, and are custodians of many persons in institutions of correction or of charity, where industrial systems are carried on. Some of our addresses this morning will bear upon the progress of these governmental agencies, in addition to the functions exercised by the national Government, as regards methods and conditions of employment.

There is reason to believe that we shall be able to bring better conditions into our industrial life. It is not alone through statistics of average family income, but also through much evidence of a more direct kind, that one may readily convince himself that upon the whole there is steady advancement in the welfare of workers. Hours are less arduous; educational opportunities are more valuable in kind as well as more general than ever before. The worker is holding his place as a sovereign American citizen, and will further improve it. Multiplied by hundreds of thousands, he drives to his work in a small automobile, and does not envy his employer who drives in a larger one. His newspaper brings him a great fund of information and knowledge, and keeps him abreast of the affairs of the world. He has much yet to attain that it is reasonable for him to desire and to seek; but it is within the range of possibilities—through hearty cooperation with his fellow-workers, and through good understanding with the management of industry—to make his efforts decidedly more productive than they have ever been before.

(686)